Multiple Sclerosis Limited

ABN 66 004 942 287

Special Purpose Financial Report

30 June 2017

Multiple Sclerosis Limited

Contents

Directors' report	2
Statement of surplus or deficit and other comprehensive income	7
Statement of financial position	8
Statement of changes in equity	9
Statement of cash flows	10
Notes to the financial statements	11
Directors' declaration	26
Auditor's independence declaration	27
Independent auditor's report	28

Directors' report

For the year ended 30 June 2017

The directors present their report, together with the special purpose financial report of Multiple Sclerosis Limited ("the Company" or "MSL") for the financial year ended 30 June 2017 and the auditor's report thereon.

1 Directors

The following persons were directors of the Company during or since the end of the financial year.

Name, qualifications and independence status	Experience and special responsibilities
Mr William Peter Day LLB (Hons), M Administration, FCPA, FCA (Aust & UK), FAICD Independent Non-Executive Director Board Chair	Appointed - 4 December 2007 Extensive professional accounting and management experience Appointed Chair on 18 December 2013 Chair of Nominations, Remuneration & Governance Committee
Ms Christina Isabelle Gillies Independent Non-Executive Director	Appointed - 9 September 2001 Extensive experience in mergers, acquisitions, organisational change and information technology Board Chair from 22 November 2006 to 18 December 2013 Member of ICT Governance Committee Resident Melbourne
Mr Robert James Hunter McEniry MBA, MAICD Independent Non-Executive Director	Appointed - 23 May 1998 Extensive marketing and management experience Member of Audit & Risk Committee Resident Melbourne
Mr Garry Ross Whatley BBus (Accounting and Information Technology), MBA, GAICD Independent Non-Executive Director Deputy Chair	Appointed - 4 August 2009 Extensive experience in information technology, telecommunications and consulting services in the corporate and government sectors. Appointed Deputy Chair on 19 December 2013 Chair of ICT Governance Committee Member of Nominations, Remuneration & Governance Committee Resident Sydney
Mr Ian James Pennell AM Independent Non-Executive Director	Appointed - 3 July 2008 Extensive experience in management including the not for profit sector Member of Nominations, Remuneration & Governance Committee Member of ACT Regional Advisory Board Resident Canberra
Mr Ian Gordon AO Major General Retd, BSc Independent Non-Executive Director	Appointed - 24 October 2011 Granted leave of absence from 27 June 2017 Extensive experience in personnel management and project management Resident Canberra
Ms Sophie Eliza Jane Langshaw Bachelor of Commerce, CA, MAICD Independent Non-Executive Director	Appointed - 14 December 2012 Approved leave of absence - 1 September 2016 to 31 January 2017 Extensive experience in financial accounting and risk management Appointed Chair of Audit & Risk Committee on 19 December 2013. Resident Sydney
Ms Karen Hayes FAICD Independent Non-Executive Director	Appointed - 18 December 2013 Extensive experience in management including the not for profit sector Resident Melbourne

Directors' report
For the year ended 30 June 2017

1 **Directors (continued)**

Name, qualifications and independence status	**Experience and special responsibilities**
Ms Denise Cosgrove Bachelor of Arts (French), Post Grad Diploma (HRM) Independent Non-Executive Director	Appointed - 18 December 2013 Extensive experience in human resources development, management, strategy, planning and communications Resident Melbourne
Mr Scott Mccorkell Independent Non-Executive Director	Appointed - 18 December 2013 Extensive experience in management, marketing and branding Member of ICT Governance Committee Resident Sydney
Mr Don Ferguson Masters Degree (Counselling) and Bachelor of Education (BEd) Independent Non-Executive Director	Appointed - 18 December 2013 Extensive experience in the health and not for profit sector Resident Sydney
Mr Desmond Graham Dip Ap Sc (Nursing), Adv Cert MHN and MSc Independent Non-Executive Director	Appointed - 24 June 2016 Extensive experience in health and not for profit sector Resident Hobart
Ms Sharlene Brown Bachelor of Laws (LLB), Post grad in Legal Practice, AICD, Certificated Member of the Governance Institute of Australia Independent Non-Executive Director	Appointed - 24 June 2016 Extensive experience in legal and not for profit sector Resident Hobart
Mr Ron Brent LLB (ANU), Bec (ANU) Independent Non-Executive Director	Appointed - 28 June 2017 Alternate Director for Mr Ian Gordon Extensive Board and regulatory experience Member of the Audit & Risk Committee Chair of ACT Regional Advisory Board Resident Canberra

Directors' meetings

Director	**Board meetings**		**Audit Committee meetings**	
	Held*	**Attended**	**Held***	**Attended**
Mr William Peter Day	11	10		
Ms Christina Isabelle Gillies	11	6		
Mr Robert James Hunter McEniry	11	8	6	2
Mr Garry Ross Whatley	11	10		
Mr Ian James Pennell AM	11	11		
Mr Ian Gordon AO**	10	9	3	3
Ms Sophie Eliza Jane Langshaw**	7	5	6	4
Ms Karen Hayes	11	5		
Ms Denise Cosgrove	11	9		
Mr Scott Mccorkell	11	5		
Mr Don Ferguson	11	8	2	2
Mr Desmond Graham**	9	6		
Ms Sharlene Brown	11	10		
Mr Ron Brent	1	1	1	1

* Meetings director was eligible to attend
** Approved leave of absence

Directors' emoluments

No emoluments are paid to idrectors. directors are reimbursed expenses for expenditure reasonably incurred in attending meetings or other affiliated business.

Directors' report
For the year ended 30 June 2017

2 Audit and Risk Committee

The Audit and Risk Committee ("the Committee") has a documented charter that is approved by the Board. All members are non-executive and independent. The Chairperson may not be the Chairperson of the Board. The Committee advises on the establishment and maintenance of a framework for internal control and appropriate standards for the management of the Company.

(a) The members of the Audit and Risk Committee are:

Ms Sophie Eliza Jane Langshaw (Chair)
Mr Robert James Hunter McEniry
Mr David Nowell
Mr Ron Brent (from 28 June 2017)
Mr Ian Gordon (to 27 June 2017)

(b) Executives in attendance at Audit and Risk Committee Meetings are:

Ms Robyn Hunter - Chief Executive Officer; B. Applied Science (Physio), MBA, GAICD
Mr Jack Hanson - General Manger - Commercial Development; BAgSci (Hons), MBA, MEc, GIA(Cert), AdvDipPM (resigned 14 December 2016)
Ms Megan Kean - Finance Manager; B Com, CPA (resigned 17 March 2017)
Ms Sarah Covington - Interim CFO (9 May 2017 to 14 July 2017)
Mr Ian Hobbs - Chief Financial Officer BA (Acc) CA (commenced 10 July 2017)

(c) The external auditors are invited to Audit and Risk Committee meetings at the discretion of the Committee. The Committee met 6 times during the year. During the year the external auditors met with the Committee to review the audit plan, review the statutory financial reports and to discuss the findings of the audit.

(d) The responsibilities of the Audit and Risk Committee are:

(i) Reviewing the annual financial reports and other financial reports that are distributed externally.
(ii) Recommending to the Board approval of statutory financial reports.
(iii) Monitoring the corporate risk management processes.
(iv) Monitoring the establishment and maintenance of an appropriate internal control framework.
(v) Monitoring policies & procedures to ensure compliance with the *Australian Charities and Not-for-profits Commission Act 2012 and Australian Charities and Not-for-profits Commission Regulation 2013 (ACNC)* and other regulatory requirements.
(vi) Monitoring the actual financial performance against the budget approved by the Board and reviewing revised forecasts for the year.

(e) Risk management

The Committee reviews the Risk Management Plan developed by management and monitors performance against the plan.

3 Company particulars

Multiple Sclerosis Limited is incorporated in Victoria. The registered office address is:
The Nerve Centre
54 Railway Road
Blackburn VIC 3130

Mr Jack Hanson was the Company Secretary until 14 December 2016. Ms Kim Farrugia was appointed Company Secretary on 25 January 2017 and continues to act as Company Secretary.

4 Principal activities

The Company is a not-for-profit community service organisation incorporated under the provisions of the Corporations Act as a company limited by guarantee and is registered with the ACNC. The principal activities of the Company are to:

(a) Provide services for people with MS and other related neurological conditions;
(b) Provide information and support to people living with MS, families, carers, volunteers, health professionals and research;
(c) Promote community awareness;
(d) Advocate on behalf of people living with MS including their families and carers; and
(e) Raise funds to support the provision of services and research.

Directors' report
For the year ended 30 June 2017

5 Operating and financial review

	2017 $	2016 $
Total revenue and income from operations (excluding bequest income)	32,497,465	31,925,168
Surplus / (Deficit) from operations (excluding bequest income)	1,798,100	(106,753)
Bequest income	2,642,697	2,828,405
Net financing income	509,289	552,325
(Loss) / Profit on sale of property, plant and equipment	(75,860)	3,068,761
Surplus on merger with MS Tasmania (see note 7)	2,065,114	-
Net surplus for the year	6,939,340	6,342,738

The Company's actions to adjust its operations to deal with the changing environment for the delivery of disability services is showing results with the operational result showing a surplus of $1,798,100 compared to the deficit in 2016 of $106,753. Work is continuing to improve the Company's operations to deal with the continuing trends of competition in key fundraising events coupled with the transition to fee for service funding under the National Disability Insurance Scheme.
The net surplus for the 2017 financial year includes the gain arising from the merger with The Multiple Sclerosis Society of Tasmania. The net surplus for the 30 June 2016 financial year included a significant profit on sale of the Company's Footscray site ($3,044,019) which was not repeated in the year ended 30 June 2017.

Fundraising revenues are derived from diverse sources and activities; the portfolio of initiatives reflects the entity's assessment of those programs likely to be most relevant and effective within its operating environment. The programs are also influenced by its traditions, history, and its constituency but not least by the competitive market place. The costs of fundraising include both direct and indirect costs. Different forms of fundraising require different levels of support, investment and cost. Furthermore in any one year, the costs of a particular type of fundraising may have been influenced by the need for greater short term investment (e.g. growing a direct mail out database to generate future prospective income) or by the low or high cost ratio inherent (some activities require greater investment and thus generate lower margin than others). Some general costs may be included which can also reflect the advocacy, marketing and awareness raising inherent in some forms of fundraising. In all cases fundraising costs are managed as carefully and judiciously as possible to achieve the maximum possible net outcome for the benefit of the recipients.

Effective 1 July 2016, the Company merged its operations with The Multiple Sclerosis Society of Tasmania (see note 7).

6 Likely developments

The focus of the Company in the coming year is underpinned by the following strategic priorities:

(a) Deepen and validate our understanding of the needs of clients, families and carers to create better experiences for people affected by multiple sclerosis;
(b) Examine the relevance and viability of services to all areas including rural and regional areas as well as invest in technology to improve service reach;
(c) Leverage our knowledge of MS to advance partnership opportunities, service improvements and service availability;
(d) Improve fundraising effectiveness to support service delivery and research; and

(e) Continue to build a capable and sustainable organisation that delivers responsive and effective services to people affected by multiple sclerosis.

The Company continues to work with the NSW Government to finalise the transfer of the Lidcombe site to MSL. The Company has acquired a new site in Beverley Hills NSW and plans to build a group home on that site and relocate existing residents from the Lidcombe site to allow for a redevlopment of the Lidcombe site once it is transferred to MSL.

Significant reforms are continuing to take place in the disability and aged care sectors, the most significant of these being the National Disability Insurance Scheme. The current state based Government funding is currently transitioning from block funding to individualised funding, which will continue to impact the Company's funding and operations.

7 Environmental regulation

The Company's operations are not subject to any significant environmental regulations under either Commonwealth or State Legislations. However, the Board believes that the Company has adequate systems in place for the management of its environmental requirements and is not aware of any breaches of those environmental requirements as they apply to the Company.

Directors' report
For the year ended 30 June 2017

8 Dividends
The Company's memorandum specifically prohibits the payments of dividends or bonuses to members.

9 Significant change in the state of affairs
In the opinion of the directors, there were no significant changes in the state of affairs of the Company that occurred during the financial year under review.

10 Indemnification and insurance of officers and auditors indemnification
The Company has not, during or since the end of the financial year, in respect of any person who is or has been an officer or auditor of the Company or of a related party:

(a) indemnified or made any relevant agreements for indemnifying against a liability incurred as an officer or auditor, including costs and expenses in successfully defending legal proceedings; or

(b) paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer or auditor for the costs or expenses to defend legal proceedings.

Since the end of the previous financial year, the Company has maintained insurance policies in respect of directors' and officers' liability for both current and former Directors and Officers.

11 Events subsequent to reporting date
There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

12 Lead auditor's independence declaration
The lead auditor's independence declaration is set out on page 27 and forms part of the director's report for the financial year ended 30 June 2017.

This report is made in accordance with a resolution of the directors.

Mr William Peter Day
Director

Dated at Melbourne on the 6th of October 2017.

Statement of surplus or deficit and other comprehensive income

For the year ended 30 June 2017

In AUD	Note	Company 2017 $	Company 2016 $
Revenue			
Fundraising	5	14,812,918	15,281,956
Rendering of services	5	19,599,894	19,208,781
Corporate services	5	724,240	258,101
Other income	5	3,110	4,735
Total revenue and other income from operating activities		35,140,162	34,753,573
Expenditure			
Fundraising expenses		7,754,164	7,270,872
Residential care expenses		7,030,765	8,681,249
Community teams expenses		3,783,341	5,187,984
Disability day program expenses		946,520	858,248
Employment services expenses		3,456,744	3,585,318
Other client services expenses		5,216,428	3,521,023
Retail expenses		1,686,570	1,719,430
Other expenses		824,833	1,207,797
Total expenditure	5	30,699,365	32,031,921
Surplus from operations		4,440,797	2,721,652
Finance income	5	509,317	552,516
Finance expense	5	(28)	(191)
Net finance income		509,289	552,325
(Loss) / Profit on sale of property, plant and equipment		(75,860)	3,068,761
Surplus on merger with MS Tasmania	7	2,065,114	-
Net surplus for the year before income tax		6,939,340	6,342,738
Income tax expense	3(k)	-	-
Net surplus for the year		**6,939,340**	**6,342,738**
Other comprehensive income			
Available for sale financial assets - net change in fair value		244,196	(242,061)
Total other comprehensive income		244,196	(242,061)
Total comprehensive income for the year		**7,183,536**	**6,100,677**

The notes on pages 11 to 25 are an integral part of these financial statements.

Statement of financial position

As at 30 June 2017

In AUD	Note	Company 2017 $	Company 2016 $
Assets			
Cash and cash equivalents	8	15,348,950	14,189,820
Other financial assets	8	7,328,493	2,629,132
Trade and other receivables	9	1,262,446	1,191,514
Non-current assets held for sale	10	1,635,438	-
Total current assets		25,575,327	18,010,466
Investments in controlled entities	11	10,000,006	4,000,006
Property, plant and equipment	12	13,544,199	13,404,219
Intangible assets	13	264,660	435,415
Available for sale financial assets	14	4,852,190	4,224,117
Trade and other receivables	9	-	3,629,449
Total non-current assets		28,661,055	25,693,206
Total assets		54,236,382	43,703,672
Liabilities			
Employee benefits	15	2,658,988	2,795,252
Deferred income and funds in advance	16	7,007,649	6,171,889
Trade and other payables	17	4,421,837	1,635,112
Total current liabilities		14,088,474	10,602,253
Employee benefits	15	249,027	386,074
Total non-current liabilities		249,027	386,074
Total liabilities		14,337,501	10,988,327
Net assets		39,898,881	32,715,345
Members' funds			
Accumulated surplus		38,205,481	31,934,520
Available-for-sale financial assets fair value reserve		953,243	709,047
Bequest reserve - research		668,379	-
Bequest reserve - other		71,778	71,778
Total members' funds		39,898,881	32,715,345

The notes on pages 11 to 25 are an integral part of these financial statements.

Statement of changes in equity

For the year ended 30 June 2017

In AUD	Accumulated surplus $	Fair value reserve $	Bequest reserve - other $	Bequest reserve - research $	Total $
Company					
Balance at 1 July 2015	25,591,782	951,108	71,778	-	26,614,668
Total comprehensive income for the year					
Net surplus for the year	6,342,738	-	-	-	6,342,738
Other comprehensive income / (deficit)	-	(242,061)	-	-	(242,061)
Total comprehensive income for the year	6,342,738	(242,061)	-	-	6,100,677
Balance at 30 June 2016	31,934,520	709,047	71,778	-	32,715,345
Balance at 1 July 2016	31,934,520	709,047	71,778	-	32,715,345
Total comprehensive income for the year					
Net surplus for the year	6,939,340	-	-	-	6,939,340
Other comprehensive income	-	244,196	-	-	244,196
Total comprehensive income for the year	6,939,340	244,196	-	-	7,183,536
Transfer from accumulated surplus to Bequest reserve - research	(668,379)	-	-	668,379	-
Balance at 30 June 2017	38,205,481	953,243	71,778	668,379	39,898,881

The notes on pages 11 to 25 are an integral part of these financial statements.

Statement of cash flows

For the year ended 30 June 2017

In AUD	Note	Company 2017 $	Company 2016 $
Cash flows from operating activities			
Cash receipts in the course of operations		38,722,371	40,000,845
Cash payments in the course of operations		(32,350,420)	(35,058,616)
Cash generated in the course of operations		6,371,951	4,942,229
Interest and financial income		469,497	458,893
Interest expense		(28)	(191)
Net cash flows from operating activities	18	6,841,420	5,400,931
Cash flows from investing activities			
Proceeds from other financial assets		-	2,044,718
Payments for other financial assets		(4,699,361)	-
Proceeds from sale of available-for-sale financial assets		669,837	129,443
Reinvestment in available-for-sale financial assets		(182,366)	(154,882)
Payments for acquisition of available-for-sale financial assets		(822,070)	(123,866)
Proceeds from sale of property, plant and equipment		493,968	4,186,329
Payments for acquisition of property, plant and equipment		(1,446,697)	(997,529)
Cash received on merger with MS Tasmania	7	304,399	-
Net cash flows (used in) / from investing activities		(5,682,290)	5,084,213
Net cash flows from financing activities		-	-
Net increase in cash and cash equivalents		1,159,130	10,485,144
Cash and cash equivalents at beginning of the year		14,189,820	3,704,676
Cash and cash equivalents at end of the year	8	15,348,950	14,189,820

The notes on pages 11 to 25 are an integral part of these financial statements.

Notes to the financial statements

For the year ended 30 June 2017

1 Reporting entity

Multiple Sclerosis Limited (the "Company") is a not-for-profit company domiciled in Australia and registered with the Australian Charities and Not-for-profits Commission. The address of the Company's registered office is The Nerve Centre 54 Railway Road, Blackburn, VIC 3130. The principal activities of the Company are to:

(a) Provide services for people with MS and other related neurological conditions;
(b) Provide information and support to people living with MS, families, carers, volunteers, health professionals and research;
(c) Promote community awareness;
(d) Advocate on behalf of people living with MS including their families and carers; and
(e) Raise funds to support the provision of services and research.

In the opinion of the Directors, the Company is not publicly accountable. The financial report of the Company has been drawn up as a special purpose financial report to meet the requirements of the Australian Charities and Not-for-profits Commission Act 2012, the directors of the Company and the needs of the members.

2 Basis of preparation

(a) Statement of compliance

The special purpose financial statements have been prepared in accordance with the requirements of the recognition and measurement aspects of all applicable Australian Accounting Standards ("AASBs") adopted by the Australian Accounting Standards Board ("AASB"). the Australian Charities and Not-for-profits Commission Act 2012 and the Australian Charities and Not-for-profits Commission Regulation 2013.

The special purpose financial statements include only the disclosure requirements of the following AASBs and those disclosures considered necessary by the directors to meet the needs of members:

AASB 101	Presentation of Financial Statements
AASB 107	Cash Flow Statements
AASB 108	Accounting Policies, Changes in Accounting Estimates and Errors
AASB 1048	Interpretation and Application of Standards
AASB 1054	Australian Additional Disclosures

The financial statements were approved by the Board of Directors on 6 October 2017.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for available-for-sale financial assets, which are measured at fair value. The methods used to measure fair values are discussed further in note 4.

(c) Functional and presentation currency

The financial statements are presented in Australian dollars, which is the Company's functional currency.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Notes to the financial statements (continued)

For the year ended 30 June 2017

3 Significant accounting policies

The accounting policies have been applied consistently to all periods presented in these financial statements.

(a) Revenue

(i) Goods sold

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably and there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. Significant risks and rewards of ownership are transferred at the point of sale after payment has been made by the customer.

(ii) Services

Revenue from services rendered is recognised in the statement of surplus or deficit in the period in which the service is provided. Revenue from rendering of services comprises residential and respite care and client services.

(iii) Revenue from government grants

Government revenue is derived from services and programs performed on behalf of the State, Commonwealth and Local Governments. These are recognised in the period in which the services are provided, having regard to the stage of completion of activities and targets within each program as specified in the funding and service contracts. Any funding received for services which have not been performed and for which there is a refund obligation is recorded as deferred income or funding in advance in the statement of financial position.

Grants that compensate the Company for expenses incurred are recognised as revenue in the statement of surplus or deficit and other comprehensive income on a systematic basis in the same periods in which the expenses are incurred.

Grants that compensate the Company for the cost of an asset is recognised in the statement of surplus or deficit and other comprehensive income as other income when the conditions attached to such grants are substantially satisfied.

(iv) Non-government funds

Non-government revenue is derived from donations, fundraising activities, client fees, philanthropic trusts and foundations and various other sources. These are recognised as revenue when received, unless any specific obligations attached to the funds received have yet to be performed, which are then recorded as deferred income in the statement of financial position.

(v) Services of volunteers

A substantial number of volunteers donate a significant amount of their time to the activities of Multiple Sclerosis Limited. However, as no objective basis exists for recording and assigning fair values to these services, they are not reflected in the financial statements as either revenue or expenses.

(vi) Bequests

Bequests are outside the normal operations of the Company. Bequests revenue can be either cash or non-cash in nature. Where bequests receipts are non-cash in nature, they are recognised at fair value on receipt. These are recognised as revenue when received, unless any specific obligations attached to the funds received have yet to be performed, which are then recorded as deferred income in the statement of financial position.

Bequests received are recognised as revenue in the determination of the Company's statutory results upon control of the bequest assets being transferred to the Company. Bequests received during the year, which are restrictive in nature, are transferred to the bequests reserve account at year-end as determined by the Board.

(b) Finance income and expense

Finance income comprises interest income on funds invested, dividend and distribution income and gains on the disposal of available-for-sale financial assets. Interest income is recognised as it accrues in surplus or deficit using the effective interest method. Dividend and distribution income is recognised in surplus or deficit on the date that the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance costs comprise losses on disposal of available-for-sale financial instruments and impairment losses recognised on financial assets (other than trade receivables).

Notes to the financial statements (continued)

For the year ended 30 June 2017

3 Significant accounting policies (continued)

(c) Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an expense in surplus or deficit when they are due.

(ii) Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs; that benefit is discounted to determine its present value. The discount rate is the yield at the reporting date on high quality Australian corporate bonds that have maturity dates approximating the terms of the Company's obligations.

(iii) Termination benefits

Termination benefits are recognised as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Company has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

(iv) Short-term benefits

Liabilities for employee benefits for wages, salaries and annual leave represent present obligations resulting from employees' services provided to reporting date based on remuneration wage and salary rates that the Company expects to pay as at reporting date including related on-costs, such as workers' compensation insurance.

(d) Financial instruments

(i) Non derivative financial assets

The Company initially recognises loans and receivables on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company has the following non-derivative financial assets: loans and receivables and available-for-sale financial assets.

Loans and receivable, including other financial assets

Loans and receivables, including other financial assets comprising fixed interest term deposits, are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses (Refer to note 3(h)(i)).

Investment in controlled entities

Investments in controlled entities are recorded at the lower of cost or their recoverable amount. Refer to note 3(h)(i) for impairment.

Notes to the financial statements (continued)

For the year ended 30 June 2017

3 Significant accounting policies (continued)

(d) Financial instruments (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments. Cash balances and call deposits with original maturity of more than 3 months are classified as other financial assets.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (Refer to note 3(h)(i)) and foreign currency differences on available for sale debt instruments, are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the cumulative gain or loss in equity is reclassified to surplus or deficit.

Available-for-sale financial assets comprise equity securities and debt securities.

(ii) Non-derivative financial liabilities

The Company initially recognises its financial liabilities on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method.

Other financial liabilities comprise bank overdrafts, and trade and other payables.

Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(e) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The cost of property, plant and equipment at 1 July 2004, the date of transition to AASBs, was determined by reference to its fair value at that date.

Cost includes expenditures that are directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and gains are recognised net within "other income" in surplus or deficit.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in surplus or deficit as incurred.

Notes to the financial statements (continued)
For the year ended 30 June 2017

3 Significant accounting policies (continued)

(e) Property, plant and equipment (continued)

(iii) Depreciation

Depreciation is recognised in surplus or deficit on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased improvements are amortised over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

• buildings	27 to 50 years
• plant and equipment	2 to 13 years
• motor vehicles	4 to 7 years
• leasehold improvements	lower of 25 years or leased period

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

(f) Non current assets held for sale

Non current assets that are expected to be recovered primarily through sale or distribution rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets are remeasured in accordance with the Company's accounting policies. Thereafter, generally the assets are measured at lower of their carrying amount and their fair value less cost to sell. Impairment losses on initial classification as held for sale and subsequent gains and losses on remeasurement are recognised in surplus or deficit. Gains are not recognised in excess of any cumulative impairment loss.

(g) Intangible assets

(i) Software development

Software development involve the cost to develop the Company's Technology One ERP system and other related software modules. Development expenditure is capitalised only if development costs can be measured reliably, the project is technically and commercially feasible, economic benefits are probable and the Company intends to and has sufficient resources to complete the development to use the assets.

The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are attributable to preparing the asset for its intended use. Other development expenditure is recognised in surplus or deficit as incurred.

Capitalised software development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in surplus or deficit as incurred.

(iii) Amortisation

Amortisation is recognised in surplus or deficit on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use. The estimated useful life for the current and prior period are as follows:

• Technology One	7 years

Notes to the financial statements (continued)

For the year ended 30 June 2017

3 Significant accounting policies (continued)

(h) Impairment

(i) Non-derivative financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value, detailed in note 4(ii).

Individually significant financial assets are tested for impairment on a individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in surplus or deficit. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to surplus or deficit.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in surplus or deficit. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

Application of Accounting Standard AASB139 to available-for-sale financial assets

In accordance with AASB139 - Financial instruments: Recognition and measurement, subject to other evidence to the contrary and judgement, an available-for-sale financial asset is impaired if it has been below its accounting cost for a prolonged time, or by a significant amount. The Company used the criteria of 9 months or approximately 20% as its criteria for assessing impairment, which is undertaken on an individual portfolio basis.

(ii) Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing the value in use of other non-financial assets, the Company uses its depreciated replacement cost being the current replacement cost of the asset less accumulated depreciation calculated on the basis of such cost to reflect already consumed or expired future economic benefits of the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in surplus or deficit. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(i) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

Notes to the financial statements (continued)

For the year ended 30 June 2017

3 Significant accounting policies (continued)

(j) Leases

(i) Leased assets

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Payments made under operating leases are recognised in surplus or deficit on a straight-line basis over the term of the lease.

(ii) Leases payments

Payments made under operating leases are recognised in surplus or deficit on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(iii) Determining whether an arrangement contains a lease

At inception of an arrangement, the Company determines whether such an arrangement is or contains a lease. This will be the case if the following two criteria are met:

- the fulfilment of the arrangement is dependent on the use of a specific asset or assets; and
- the arrangement contains a right to use the assets.

At inception or upon reassessment of the arrangement, the Company separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Company concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Company's incremental borrowing rate.

(k) Income tax

The Company is an exempt body for income tax purposes and accordingly no provision for income tax is made.

(l) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax ('GST'), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(m) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2016, and have not been applied in preparing these financial statements. Those which may be relevant to the Company are set out below. The Company does not plan to adopt these standards early.

(i) AASB 9 Financial Instruments (2014)

AASB 9, approved in December 2014, replaces the existing guidance in AASB 139 Financial Instruments: Recognition and Measurement. AASB 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit Loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from AASB 139.

AASB 9 is effective for annual reporting periods beginning on or after 1 January 2018 with an early adoption permitted. The Company is assessing the potential impact on its financial statements resulting from the application of AASB 9.

Notes to the financial statements (continued)

For the year ended 30 June 2017

3 Significant accounting policies (continued)

(m) New standards and interpretations not yet adopted (continued)

(ii) AASB 15 Revenue from Contracts with Customers

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 118 Revenue, AASB 111 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

AASB 15 is effective for annual reporting periods beginning on or after 1 January 2018 with an early adoption permitted. The Company is assessing the potential impact on its financial statements resulting from the application of AASB 15.

(iii) AASB 16 Leases

AASB 16 removes the lease classification test for lessees and requires all leases (including operating leases) to be brought onto the balance sheet. There is new guidance on when an arrangement would meet the definition of a lease. AASB 16 is effective for annual reporting periods beginning on or after 1 January 2019, with early adoption permitted where AASB 15 Revenue from Contracts with Customers is adopted at the same time. The Company is assessing the potential impact on its financial statements resulting from the application of AASB 16.

4 Determination of fair value

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

(ii) Available-for-sale financial assets and other instruments

The fair value of available for sale financial assets and other instruments are determined as follows:

- Listed - by reference to their quoted bid price at reporting date,
- Unlisted - by reference to declared fund manager valuations at the reporting date, which are typically determined by reference to recent transaction values or commonly accepted valuation methodologies.

(iii) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Notes to the financial statements (continued)

For the year ended 30 June 2017

	Note	Company 2017 $	Company 2016 $
5 Revenue and expenses by nature			
Revenue by nature			
Fundraising			
Donation campaigns		2,571,907	2,950,183
Bequests		2,642,697	2,828,405
Art union		936,897	863,001
Events		5,904,801	6,048,867
Community fundraising		368,722	514,157
Readathon		223,588	245,737
Retail - sale of goods		1,856,270	1,822,860
Other fundraising income		308,036	8,746
		14,812,918	15,281,956
Rendering of services			
Residential and respite care			
Government funding		4,306,268	7,286,578
NDIS Income		2,272,158	-
Fees from residents		186,434	285,356
Other income		406,223	361,906
Community teams			
Government funding		5,005,686	5,171,937
NDIS Income		772,937	-
Other income		613,430	76,868
Disability day programs		701,629	850,866
Employment services		3,237,446	3,547,234
Other client services income		2,097,683	1,628,036
		19,599,894	19,208,781
Corporate services			
Management fees		10,126	20,438
Rental income		123,895	152,405
Other corporate services income		590,219	85,258
		724,240	258,101
Other Income from operations		3,110	4,735
Total revenue and other income from operating activities		35,140,162	34,753,573
Expenses by nature			
Amortisation expenses	13	170,755	170,750
Consultant fees		1,613,258	796,067
Depreciation expenses	12	949,755	813,929
Employee expenses	6	17,941,855	18,922,579
Electricity and gas expenses		279,265	258,306
IT services expenses		730,328	856,661
Rental expenses		1,314,738	1,321,988
MSA contribution		565,044	546,724
MSRA research contribution		316,800	316,800
Other expenses		6,817,567	8,028,117
Total expenses from operating activities		30,699,365	32,031,921
Surplus from operating activities		4,440,797	2,721,652

Notes to the financial statements (continued)
For the year ended 30 June 2017

		Note	Company 2017 $	Company 2016 $
5	**Revenue and expenses by nature (continued)**			
	Financial income:			
	Interest income		274,749	262,816
	Available-for-sale financial assets - distribution income		194,748	196,078
	Available-for-sale financial assets - profit on disposal		39,820	93,622
			509,317	552,516
	Financial expense:			
	Other		(28)	(191)
	Net financing income		509,289	552,325
6	**Employee expenses**			
	Wages and salaries and other employee expenses		16,797,088	17,443,246
	Contribution to defined contribution superannuation funds		1,476,827	1,524,792
	Movement in liability for annual leave		(90,234)	(110,568)
	Movement in liability for long service leave		(241,826)	65,109
		5	17,941,855	18,922,579

7 **Merger with The Multiple Sclerosis Society of Tasmania**

On 1 July 2016, the Company entered into a Merger Deed with The Multiple Sclerosis Society of Tasmania ("MS Tas") which provided for the transfer of all assets and liabilities of MS Tas to be transferred to the Company effective from 1 July 2016 and for the Company to provide all services previously provided by MS Tas from that date. The fair value of net assets on merger are as follows:

	2017 $	2016 $
Assets acquired		
Cash and cash equivalents	304,399	-
Trade and other receivables	24,951	-
Property, plant and equipment	1,848,304	-
Available-for-sale financial assets	9,458	-
Total assets	2,187,112	-
Liabilities assumed		
Trade and other payables	(66,378)	-
Employee benefits	(26,217)	-
Deferred income and funds in advance	(29,403)	-
Total liabilities	(121,998)	-
Surplus on merger with MS Tasmania	2,065,114	-

8 **Cash and cash equivalents, including other financial assets**

	2017 $	2016 $
Cash and cash equivalents		
Cash on hand	4,610	4,650
Bank balances	15,344,340	14,185,170
Cash and cash equivalents in the statement of cash flows	15,348,950	14,189,820
Other financial assets		
Fixed interest term deposits	7,328,493	2,629,132
	7,328,493	2,629,132

Notes to the financial statements (continued)
For the year ended 30 June 2017

		Note	Company 2017 $	Company 2016 $
9	**Trade and other receivables**			
	Current			
	Trade receivables		113,815	79,417
	Receivables due from related parties		90,866	291
	Prepayments		174,669	163,766
	Accrued income		883,096	948,040
			1,262,446	1,191,514
	Non current			
	Loan - controlled entity		-	1,300,000
	Receivables due from controlled entity		-	2,329,449
			-	3,629,449

Trade receivables are shown net of a provision for doubtful debts.
As at 30 June 2016, the loan and receivables from the controlled entity were unsecured, non-interest bearing and classified as non-current in view that the Company did not intend to call upon the loan within 12 months from balance date. On 30 June 2017, the loan and receivables owed to the Company by the controlled entity were converted to equity in the controlled entity (refer to note 11).

		Note	Company 2017 $	Company 2016 $
10	**Non-current assets held for sale**			
	Non-current assets held for sale		1,635,438	-

During the year, the Company agreed to sell a number of properties in Tasmania (Sandy Bay and St Helens). Contracts were exchanged but settlement had not occurred by the end of the financial year. Accordingly, the properties are presented as a non-current asset held for sale.

		Note	Company 2017 $	Company 2016 $
11	**Investments in controlled entity**			
	Investment in controlled entity - at cost		10,000,006	4,000,006
			10,000,006	4,000,006
12	**Property, plant and equipment**			
	Land and buildings			
	At cost		16,951,711	16,473,353
	Accumulated depreciation and impairment		(5,349,110)	(4,918,279)
	Carrying amount		11,602,601	11,555,074
	Plant and equipment			
	At cost		7,033,617	6,470,450
	Accumulated depreciation		(5,319,495)	(5,104,963)
	Carrying amount		1,714,122	1,365,487
	Motor Vehicles			
	At cost		349,897	221,760
	Accumulated depreciation		(311,278)	(195,806)
	Carrying amount		38,619	25,954
	Capital work in progress			
	At cost		188,857	457,704
	Carrying amount		188,857	457,704
	Total carrying amounts		13,544,199	13,404,219

Notes to the financial statements (continued)
For the year ended 30 June 2017

12 Property, plant and equipment (continued)

Movement in carrying values	Land and Buildings	Plant and Equipment	Motor Vehicles	Capital Works	Total
	$	$	$	$	$
Balance at 1 July 2015	11,861,605	1,049,622	55,398	268,578	13,235,203
Additions	100,040	1,079,212	19,090	455,264	1,653,606
Disposals	(29,175)	(354,516)	(20,832)	(266,138)	(670,661)
Depreciation	(377,396)	(408,831)	(27,702)	-	(813,929)
Balance at 30 June 2016	11,555,074	1,365,487	25,954	457,704	13,404,219
Balance at 1 July 2016	11,555,074	1,365,487	25,954	457,704	13,404,219
Additions - general	397,825	860,015	-	188,857	1,446,697
Additions - MS Tas merger (see note 7)	1,813,190	1,495	33,619	-	1,848,304
Disposals	(82,749)	(29,375)	-	(457,704)	(569,828)
Depreciation	(445,301)	(483,500)	(20,954)	-	(949,755)
Transfer to non-current assets held for sale [(1)]	(1,635,438)	-	-	-	(1,635,438)
Balance at 30 June 2017	11,602,601	1,714,122	38,619	188,857	13,544,199

[(1)] refer to note 10 for further details

	Note	Company 2017	Company 2016
		$	$
13 Intangible assets			
Software - Technology One			
At cost		1,195,421	1,195,421
Accumulated amortisation		(930,761)	(760,006)
Carrying amount		264,660	435,415
Total carrying amounts		264,660	435,415

Movement in carrying values	Software	Total
	$	$
Balance at 1 July 2015	606,163	606,163
Amortisation	(170,750)	(170,750)
Balance at 30 June 2016	435,413	435,413
Balance at 1 July 2016	435,413	435,413
Amortisation	(170,755)	(170,755)
Balance at 30 June 2017	264,658	264,658

	2017	2016
14 Available-for-sale financial assets		
Non Current		
Equity and debt securities at fair value	4,852,190	4,224,117
	4,852,190	4,224,117

Notes to the financial statements (continued)
For the year ended 30 June 2017

		Note	Company 2017 $	Company 2016 $
15	**Employee benefits**			
	Current			
	Salaries and incentives		438,491	379,742
	Liability for annual leave		1,001,807	1,092,041
	Liability for long service leave		1,218,690	1,323,469
			2,658,988	2,795,252
	Non current			
	Liability for long service leave		249,027	386,074
			249,027	386,074
16	**Deferred income and funds in advance**			
	Current			
	Government funding received in advance		4,499,037	2,882,430
	Government capital grants received in advance		576,428	562,478
	Other income received in advance		1,932,184	2,726,981
			7,007,649	6,171,889

Deferred income and funds in advance consist of deferred government grants or funding received for specific purposes, the services for which have yet to be provided at balance date.

		Note	Company 2017 $	Company 2016 $
17	**Trade and other payables**			
	Current			
	Trade payables		674,127	766,601
	Payables to related entities [(1)]		2,467,255	105,877
	Other trade payables and accrued expenses		1,280,455	762,634
			4,421,837	1,635,112

[(1)] Payables to related entities includes unpaid capital contributions to a controlled entity.

		Note	Company 2017 $	Company 2016 $
18	**Reconciliation of cash flows from operating activities**			
	Cash flows from operating activities			
	Surplus for the year		6,939,340	6,342,738
	Adjustments for:			
	Depreciation expense	5	949,755	813,929
	Amortisation expense	5	170,755	170,750
	Loss / (gain) on sale of property, plant and equipment		75,860	(3,068,761)
	Surplus on merger with MS Tas	7	(2,065,114)	-
	Gain on sale of available-for-sale financial assets	5	(39,820)	(93,622)
	Operating result before changes in working capital and provisions		6,030,776	4,165,034
	Changes in trade and other receivables		(45,981)	(169,529)
	Changes in trade and other payables		349,796	(407,761)
	Changes in employee benefits		(299,528)	(128,257)
	Changes in deferred income		806,357	1,941,444
	Net cash from operating activities		6,841,420	5,400,931

Notes to the financial statements (continued)

For the year ended 30 June 2017

	Note	Company 2017 $	Company 2016 $
19 Auditors' remuneration			
Audit Services			
Auditors of the Company			
KPMG Australia:			
Audit and review of financial reports		80,000	95,590
		80,000	95,590
Other Services			
Auditors of the Company			
KPMG Australia:			
Assistance with compilation of financial statements		-	18,190
Agreed upon procedures and other assurance services		31,546	25,200
Other taxation services		-	25,222
		31,546	68,612
Total auditor remuneration		111,546	164,202

20 Commitments

The Company leases shop and office premises, motor vehicles and equipment under operating leases expiring from one month to three years. Leases generally provide the entity with a right of renewal at which time all terms are renegotiated. Lease payment comprise a base amount plus an incremental contingent rental. Contingent rentals are based on movements in the Consumer Price Index.

During the year ended 30 June 2017, $1,314,738 (2016: $1,321,988) was recognised by the Company as an expense in the statement of surplus or deficit and other comprehensive income in respect of operating leases.

(a) Financial commitments

i) Multiple Sclerosis Australia (MSA)

Multiple Sclerosis Australia (MSA), a related company, operates solely for the benefit of its members, the State Multiple Sclerosis entities (the State Societies).

ii) Australian Home Care Services Unit Trust

In 2016, the Company confirmed that it had no present intention to call in or cancel its term loan receivable of $1,300,000 and amount receivable of $2,329,449 and bank guarantees provided on behalf of the Trust during the period of 12 months from the date of approval of the 2016 annual financial statements of the Australian Home Care Services Unit Trust. In June 2017, the Company converted the amounts receivable to equity and agreed to contribute additional capital reflected as a payable to a related entity in note 17. Support for the bank financing facilities remains in place.

21 Members' guarantee and reserves

a) Members' guarantee

The Company is limited by guarantee. If the Company is wound up, the Constitution states that each member is required to contribute a maximum of $20 towards meeting any outstanding obligations of the Company.

At 30 June 2017 the number of members was 473 (2016: 342).

b) Reserves

Bequest reserve - research and other

The bequest reserves relate to the remaining undistributed balance of revenue received from contributions of assets resulting from bequests outside the normal operations of the Company. Where the bequest is subject to a condition that the funds be spent on research, the bequest is transferred to the Bequest reserve - research. All other conditional bequests are transferred to the Bequest reserve - other.

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investment is derecognised or impaired.

Notes to the financial statements (continued)
For the year ended 30 June 2017

22 Contingencies

The Company's property located at 54 Railway Road, Blackburn was partially funded by the State Government of Victoria ("the Department"). The contribution is secured by a Property Deed of Charge over the property. In the event that the building, is no longer used for social or public benefit, the Department is entitled to a refund equivalent to 17% of the market value of the property on any day or, if the property is sold, 17% of the sale price. Should the Company sell the Blackburn property, it would make an application to the Department to transfer the deed of charge to an alternative property asset.

The directors are of the opinion that provisions are not required in respect of the above mentioned matter because MSL continues to satisfy the relevant conditions.

23 Economic dependency

The Company is dependent upon funding from the State and Federal Governments and the costs associated with service levels that exceed the Government funding is largely funded from fundraising activities.

24 Subsequent events

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Directors' declaration
For the year ended 30 June 2017

In the opinion of the directors of Multiple Sclerosis Limited ("the Company"):

(a) the Company is not publicly accountable;

(b) the financial statements and notes that are set out on pages 7 to 25 are in accordance with the Australian Charities and Not-for-profits Commission Act 2012, including:

(i) giving a true and fair view of the financial position of the Company as at 30 June 2017 and of its performance, as represented by the results of its operations for the financial year ended on that date in accordance with the statement of compliance and basis of preparation described in notes 1 to 3; and

(ii) complying with the Australian Accounting Standards (including the Australian Accounting Interpretations) to the extent described in Note 1 to 3, and the Australian Charities and Not-for-profits Commission Regulation 2013; and

(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The directors have been given declarations on the integrity of the annual financial statements, risk management and internal control environment from management for the financial year ended 30 June 2017.

This statement is made in accordance with a resolution of the Board of Multiple Sclerosis Limited and is signed for and on behalf of the Board by:

Mr William Peter Day
Director

Dated at Melbourne on the 6th of October 2017.

Auditor's Independence Declaration under subdivision 60-C section 60-40 of Australian Charities and Not-for-profits Commission Act 2012

To: the Directors of Multiple Sclerosis Ltd

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2017 there have been:

i. no contraventions of the auditor independence requirements as set out in the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

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Antoni Cinanni

Partner

6 October 2017

KPMG

Independent Auditor's Report

To the members of Multiple Sclerosis Ltd

Opinion

We have audited the ***Financial Report***, of the Multiple Sclerosis Ltd (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with Division 60 of the Australian Charities and Not-for-profits Commission (ACNC) Act 2012, including:

i. giving a true and fair view of the Company's financial position as at 30 June 2017, and of its financial performance and its cash flows for the year ended on that date; and;

ii. complying with Australian Accounting Standards to the extent described in Notes 1 to 3 and Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013.

The ***Financial Report*** comprises:

i. Statement of financial position as at 30 June 2017.

ii. Statement of surplus or deficit and other comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended.

iii. Notes including a summary of significant accounting policies.

iv. Directors' declaration of the Company.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Company in accordance with the auditor independence requirements of the *ACNC Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

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Emphasis of matter – basis of preparation and restriction on use

We draw attention to Notes 1 to 3 to the Financial Report, which describes the basis of preparation.

The Financial Report has been prepared for the purpose of fulfilling the Director's financial reporting responsibilities under the *ACNC Act 2012*. As a result, the Financial Report and this Auditor's Report may not be suitable for another purpose.

Our report is intended solely for the members of the Company and ACNC and should not be used by any other party. We disclaim any assumption of responsibility for any reliance on this Auditor's Report, or on the Financial Report to which it relates to any person other than the members of the Company and ACNC. Our opinion is not modified in respect of this matter.

Other information

Other Information is financial and non-financial information in Multiple Sclerosis Ltd's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The directors are responsible for:

i. Determining that the basis of preparation described in Notes 1 to 3 to the Financial Report is appropriate to meet the requirements of the ACNC. The basis of preparation is also appropriate to meet the needs of the members.

ii. Implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

iii. Assessing the Company's ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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Auditor's responsibilities for the audit of the Financial Report

Our objective is:

i. to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and

ii. to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.

Undertaking an audit in accordance with *Australian Auditing Standards*, means exercising professional judgment and maintaining professional skepticism.

Our responsibilities include:

i. Identifying and assessing the risks of material misstatement of the Financial Report, whether due to fraud or error.

ii. Designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error. This is because fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

iii. Obtaining an understanding of internal control relevant to the Audit in order to design audit procedures that are appropriate in the circumstances. This is not for the purpose of expressing an opinion on its effectiveness.

iv. Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

v. Concluding on the appropriateness of the Company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the Financial Report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Company to cease to continue as a going concern.

vi. Evaluating the overall presentation, structure and content of the Financial Report, including the disclosures, and whether the Financial Report represents the underlying transactions and events in a manner that achieves fair presentation.

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Antoni Cinanni

Partner

Melbourne

6 October 2017